

Completed condo prices down 0.6% in August: NUS

Prices of small units – those of up to 506 square feet – remain flat after rising 0.5% in July

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THE prices of completed condominiums and apartments in Singapore fell 0.6 per cent in August over July, according to the National University of Singapore's (NUS) flash estimates for its Singapore Residential Price Index (SRPI) released on Monday.

This is after the index dipped 0.2 per cent month on month in July, based on the revised index value for that month.

Price drops for non-shoebox units were "marginal" across regions in August, RST Research director Ong Kah Seng noted. "This is within expectations due to the seventh lunar month where buyers generally refrain from buying properties.

"Additionally, investor interest for completed properties tends to seasonally weaken in the second half of the year as expatriates' inflow and leasing activity slows. By the time the resale of the unit is completed, it will be near the end of the year when few expatriates will be relocating to Singapore. Investors would not want to encounter a few months of vacancy," he said.

The sub-index for the Central Region (excluding small units of up to 506 square feet) fell 0.7 per cent month on month in August, compared to a 0.3 per cent increase in July.

The Central Region is defined as Districts 1 to 4 (including the financial district and Sentosa Cove) and the traditional prime Districts 9, 10 and 11.

The sub-index for the Non-Central Region or NCR (again excluding small units) was down 0.5 per cent in August, following a 0.7 per cent drop in July.



Last month also saw a dearth of new suburban condo launches, and this drag likely spilled over from the primary to secondary sales market. PHOTO: FILE PHOTO

This is due to substantial number of private condos completed in the suburban areas since 2014, Mr Ong said. August also saw a dearth of new suburban condo launches, and this drag likely spilled over from the primary to secondary sales market.

Mr Ong expects the prices of completed properties in the NCR to be on a general monthly price decline, or to stagnate at best, due to more suburban condos completing and intensifying leasing competition.

Islandwide, prices of small apartments and condo units (up to 506 square feet) were flat in August after rising 0.5 per cent in July.

Mr Ong said the flattish price of small units in August showed that July's price increase was a random occurrence, because there is overall instability among shoebox units, amid more new completions since 2014.

This has led some new home owners to be unable to find tenants that are willing to pay their asking rents, and eventually having to resell the shoebox condo homes for breakeven prices or small profits.

Looking at the past 12 months, Nicholas Mak, SLP International execu-

tive director, said the prices of small units have contracted less than the bigger units, but the strength of the small-apartment market segment would really be tested only in the next two years as more shoebox units get completed.

"In a tenants' market where the tenants are spoiled for choice, shoebox units may not be as attractive to some tenants as housing units with two or more bedrooms," he said.

"If this leads to lower rental returns for small units, the prices of this housing type would also be adversely affected."